

## Message Text

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ACTION ARA-10

INFO OCT-01 ISO-00 AGR-10 CEA-01 CIAE-00 COME-00 DODE-00

EB-07 FRB-01 H-02 INR-07 INT-05 L-03 LAB-04 NSAE-00

NSC-05 PA-02 AID-05 CIEP-02 SS-15 STR-04 TAR-01

TRSE-00 USIA-15 PRS-01 SP-02 FEAE-00 OMB-01 XMB-04

IO-10 ARAE-00 /118 W

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P 171450Z OCT 75

FM AMEMBASSY LA PAZ

TO SECSTATE WASHDC PRIORITY 8413

UNCLAS LA PAZ 7308

E.O. 11652: N/A

TAGS: BL, ETRD, XM

SUBJ: CONSULTATIONS ON GSP PRODUCT

REF: A. STATE 219437 B. STATE 242715

1. ECONOF MET OCT 15 WITH OFFICIALS MINISTRIES OF FOREIGN RELATIONS, AND PLANNING AND COORDINATION TO DISCUSS THE LIST OF ITEMS WHICH WERE SUBJECT TO REPRESENTATION CONTAINED IN REFTEL (A). THEY SAID THEY HAD IDENTIFIED A NUMBER OF ITEMS ON THE REPRESENTATION LIST WHICH WERE OF INTEREST TO BOLIVIA BUT THAT IT WOULD BE SEVERAL MORE DAYS BEFORE THEY COULD FINISH THOROUGHLY CHECKING LIST AGAINST THE LISTS OF ITEMS WHICH GOB WISHES TO SEE INCLUDED IN FINAL US GSP LIST OF JANUARY 1, 1976.

2. IN THAT REGARD THEY ASKED FOR CLARIFICATION OF STATUS OF TWO LISTS OF ITEMS FOR WHICH BOLIVIA IS REQUESTING GSP TREATMENT. FOREIGN MINISTRY OFFICIALS SAID THEY BELIEVE GOB'S LISTS WERE SENT TO BOLIVIAN EMBASSY WASHINGTON IN SEPTEMBER 1975 FOR PRESENTATION TO USG BUT THEY ARE UNAWARE WHETHER SUCH PRESENTATION EVER MADE. MINISTRY OF PLANNING AND COORDINATION LAST WEEK GAVE ECONOF THE TWO LISTS, COPIES OF WHICH WERE FORWARDED BY MAIL TO

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ARA/BC. THE FIRST LIST (LIST A) CONSISTS OF ITEMS OF INTEREST TO

BOLIVIA WHICH WERE ALREADY CONTAINED IN THE LIST OF GSP ITEMS PUBLISHED BY USG IN THE FEDERAL REGISTER. LIST B CONSISTS OF ITEMS NOT REPEAT NOT CONTAINED IN THE PUBLISHED USG LIST WHICH GOB WOULD LIKE TO SEE INCLUDED IN THE FINAL LIST. ECONOF POINTED OUT THAT BASED ON INFO IN REFTEL (A) AND DATE PRESENTATION OF GOB LISTS, IT WAS UNLIKELY LIST B ITEMS WOULD BE INCLUDED IN US GSP LIST SCHEDULED TO TAKE EFFECT JANUARY, 1976. GOB OFFICIALS WERE DISAPPOINTED AND UPSET AT THIS NEWS. THE ITEMS IN LIST B ARE BASED ON WORK OF MIN PLAN & COORD IN CONJUNCTION WITH PREPARATION OF BOLIVIA'S FORTHCOMING 5-YEAR PLAN AND REPRESENTS ITEMS FOR WHICH GOB PLANNERS SEE HOPEFUL PROSPECTS FOR FUTURE PRODUCTION GROWTH. ECONOF INDICATED THAT HE WOULD ASCERTAIN STATUS OF GOB LISTS AND THAT IN ANY EVENT LIST B ITEMS COULD BE CONSIDERED FOR LATER INCLUSION IN US GSP.

3. OFFICIALS SAID IN FEW DAYS THEY WILL SUPPLY GOB VIEWS ON LIST OF ITEMS CONTAINED IN REF (A). THEY WERE UNAWARE OF THE CONSULTATION MEETING IN WASHINGTON MENTIONED REFTEL (B).

4. ACTION REQUESTED:

A. EMBASSY REQUESTS DEPARTMENT ADVISE WHETHER GOB EMBASSY HAS OFFICIALLY PRESENTED GOB LISTS.

B. ALSO REQUEST INFORMATION ON POSSIBILITY OF INCLUDING ITEMS IN LIST B IN JANUARY 1, 1976 US LIST. EMBASSY RECOGNIZES THIS WOULD BE DIFFICULT, BUT BELIEVES THERE ARE GOOD REASONS FOR GIVING BOLIVIA SPECIAL TREATMENT IF THIS IS AT ALL POSSIBLE.

(1) BOLIVIA IS ONE OF TWO POOREST COUNTRIES IN HEMISPHERE, WITH UNDEVELOPED INDUSTRIAL SECTOR. LIST B REPRESENTS ITEMS WHICH BOLIVIAN PLANNERS HAVE DEVOTED CONSIDERABLE EFFORT TO AS MEANS OF DIRECTING BOLIVIA'S FUTURE INDUSTRIAL DEVELOPMENT. FAILURE TO INCLUDE LIST B ITEMS WILL REQUIRE GOB TO CONSIDER REVISIONS OF ITS PENDING 5-YEAR PLAN.

(2) ALTHOUGH GOB IS PRESENTING ITS GSP VIEWS LATE IN GAME, IT SHOULD BE RECOGNIZED THAT GOB'S INSTITUTIONAL STRUCTURE FOR ECONOMIC PLANNING HAS ONLY BEEN ESTABLISHED DURING LAST 18 MONTHS, AND WHILE SENIOR ECONOMIC OFFICIALS ARE SERIOUS AND MAKING LAUDABLE EFFORTS TO IMPROVE EFFICIENCY, THEIR TASK IS VERY DIFFICULT AFTER YEARS OF ECONOMIC AND POLITICAL INSTABILITY. AS ONE EXAMPLE, BOLIVIA'S RATE OF INFLATION OF ABOUT 1 PERCENT PER MONTH DURING 1975 IS ONE OF LOWEST IN REGION. WHILE EMBASSY UNCLASSIFIED

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DOES NOT WANT TO OVER-EMPHASIZE EFFECT OF FAILURE TO INCLUDE LIST B IN JANUARY 1 LIST, IT WOULD BE A PSYCHOLOGICAL SETBACK TO GOB PLANNING OFFICIALS AND THEIR EFFORT TO LAUNCH BOLIVIA ON A SELF-SUSTAINING DEVELOPMENT PATH. EMBASSY BELIEVES IT IN USG INTEREST TO ASSIST THE GOB IN THIS EFFORT AND URGES THAT LIST B ITEMS BE CONSIDERED FOR INCLUSION.

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